

Limited-Purpose FSA Plan Year 2021

The TexFlex limited-purpose flexible spending account (FSA) is only available to eligible participants enrolled in Consumer Directed HealthSelect.SM

The limited-purpose FSA lets you set aside money on a pre-tax basis—for both you and your eligible dependents—the same way a TexFlex health care FSA does, except it is **limited to dental and vision expenses** so that it complies with IRS requirements.

Who can enroll in limited-purpose FSA?

Only employees enrolled in Consumer Directed HealthSelect, a high deductible health plan with a health savings account, can enroll in a limited-purpose FSA. (Retirees aren't eligible).

- If you are enrolled in Consumer Directed HealthSelect and choose not to enroll in a limited-purpose FSA - If you have a health care FSA balance of \$25 to \$500, after August 31, a limited-purpose FSA will be opened for you and your balance will be rolled over. IRS rules don't allow you to participate in both a health care FSA and an HSA. Any amount less than \$25 or over \$500 will be forfeited. *Participants have until December 31 to file claims for Plan Year 2021 expenses before funds are forfeited.*
- If you are enrolled in Consumer Directed HealthSelect and choose to enroll in a limited FSA - If you have a health care FSA balance after August 31, up to \$500 of the balance will be rolled over into a limited FSA. IRS rules don't allow you to participate in both a health care FSA and an HSA. In this scenario, you do not forfeit any balance that is less than \$25.

Contribution limits

Because the limited FSA is a pre-tax benefit, the IRS limits the amount you can contribute to your account. The limits are determined each year by the IRS. The annual minimum contribution amount is \$180 and the annual maximum contribution amount is \$2,750 for Plan Year 2021.

How do I enroll?

All benefits-eligible active employees can enroll in, make changes to or cancel limited FSA accounts within 31 days of hire, during Summer Enrollment or within 31 days of a qualifying life event. Log in to your ERS account and elect the annual contribution amount you would like deducted from your paycheck monthly. Your annual contribution will be deducted before taxes and in equal amounts monthly. Remember, you must first enroll in Consumer Directed HealthSelect to enroll in a limited FSA.

What if I don't use all of my limited-purpose FSA funds?

You can carry over up to \$550 of your limited-purpose FSA funds to the next plan year.

What can I purchase with my limited-purpose FSA funds?

You can only purchase eligible out-of-pocket dental and vision expenses. General health care expenses that are eligible under a health care FSA are NOT eligible under a limited FSA. Visit www.TexFlexERS.com to see the TexFlex limited FSA Eligible Expense Guide under "Program Resources".

How can a limited FSA save me money?

A limited FSA lets you set money aside for eligible dental and vision expenses before taxes are taken out of your paycheck, which lowers your taxable income.

Savings example

Annual Savings*	With a limited-purpose FSA	Without a limited-purpose FSA
Annual pay	\$40,000	\$40,000
Limited-Purpose FSA pre-tax contribution	(\$2,000)	\$0
Taxable income	\$38,000	\$40,000
Federal income, Social Security & Medicare taxes	(\$8,179)	(\$8,832)
After-tax dollars spent on eligible expenses	\$0	(\$2,000)
Real spendable income	\$29,821	\$29,168
Savings with a limited-purpose FSA	\$653	

* Sample tax savings for a single taxpayer with no exemptions. Actual savings will vary based on your individual tax situation. Please consult a tax professional for more information.

Limited-Purpose FSA

Using your limited-purpose FSA

When you enroll in a limited-purpose FSA, you will automatically receive a free debit card. The TexFlex debit card gives you immediate access to your entire annual contribution amount. Just swipe the card when it's time to pay for your eligible dental and vision expenses. Keep all receipts in case you're asked to provide verification of eligible expenses at a later time.

Note: *If you currently participate in the TexFlex health care FSA or the TexFlex commuter spending account and already have a TexFlex debit card, you won't receive another debit card, you'll use the same one.*

If paying for eligible dental and vision expenses out of pocket, you can file a claim online, by mail or fax. Claims are generally processed in three to five business days. Once your claim is approved, WageWorks reimburses you from your limited-purpose FSA by sending a check or through direct deposit.



What happens to my limited-purpose FSA if I leave state employment?

When you terminate employment you can submit claims for eligible dental and vision expenses incurred through your termination date.

You can choose to continue participation in your limited-purpose FSA through COBRA and file claims for eligible expenses incurred throughout your participation.

Your TexFlex debit card is deactivated on the last day of the month in which your employment terminates.

Where can I learn more?

Visit www.TexFlexERS.com for more information about the limited-purpose FSA or call TexFlex Customer Care toll-free at **(844) 884-2364**. Representatives are available 7:00 a.m. to 7:00 p.m. CT, Monday - Friday.

Call TexFlex about:

- Specific TexFlex account questions
- Claim reimbursement status
- Your TexFlex debit card and to request additional cards for eligible dependents at no cost

TexFlex participant support

TexFlex Customer Care:

(844) 884-2364 (toll-free)

TTY: 711

Monday - Friday

7 a.m. - 7 p.m. CT

Claims fax:

(866) 643-2219

(toll-free)

Mail:

WageWorks, Inc.

5200 Commerce Crossings

Suite 100

Louisville, KY 40299

Website:

www.TexFlexERS.com

For a complete list of eligible limited-purpose FSA expenses, visit www.TexFlexERS.com.

DISCLAIMERS

Actual tax savings depends on your individual circumstances. Please consult a tax professional for more information. Neither WageWorks nor ERS engage in rendering legal or tax services. Any guidance given in this communication is not legal or tax advice. Information contained herein is merely guidance that, at your discretion, you may or may not use in making decisions. If legal or tax advice is desired or required, the services of legal counsel or a tax professional are recommended.